



State of New Jersey

DEPARTMENT OF THE TREASURY
DIVISION OF INVESTMENT
P.O. BOX 290
TRENTON, NJ 08625-0290

Agenda Item 2 (a)

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

ANDREW P. SIDAMON-ERISTOFF
State Treasurer

October 15, 2010

MEMORANDUM TO: The State Investment Council

FROM: Timothy Walsh
Director

A handwritten signature in black ink, appearing to be "T. Walsh", written over the printed name and title.

SUBJECT: **Investment Reports**

Attached please find the Investment Reporting package for the month of September 2010.

TW:lt
Attachments

Key Points and Issues For September 2010

Director's Note

- The world markets could be characterized for September with two words, “nervous ebullience”. On the two year anniversary of the start of the world equity and credit market crash, the S&P 500 had its best September since 1939. What’s even more remarkable is that the performance is in the face of continued domestic unemployment concerns, a U.S. dollar on the brink of a 15 year low, and concerns about quantitative easing in the United States. Even more impressive was the performance of overseas stock markets. The MSCI world index was positive 9.88%, while the MSCI emerging index was positive 11.34%. Domestic Equities, International Equities, High Yield, TIPS, Commodities and Cash Management generated positive returns as the financial markets rebounded from the prior month.
- The pension fund’s estimated return was up 4.19% versus the Council benchmark estimated return of 4.13% for the month of September. For the quarter ended September 30, 2010, the return for the pension fund was estimated 8.27% versus the Council benchmark’s estimated return of 8.41%. The estimated market value of the fund was \$70.2 billion as of September 30, 2010. We estimate that net benefit payments (i.e., net cash outflows) from the fund for September were approximately \$600 million.

Domestic Equity

- Domestic equities in Common Pension Fund A participated in the overall market gains in September, gaining 9.41%, versus the S&P 1500 gain of 9.21%. The Fund’s strength came primarily from the overweighted technology sector which gained 13.79%, helped by gains in Apple, Atmel and Tyco Electronics. AirTran Holdings also contributed positively to results after Southwest Airlines offered to buy the company at a 73% premium. The Fund owned over 3% of AirTran’s common stock.
- Common Pension Fund A is outperforming its benchmark for CY2010 and FY2011. The Fund is up 5.16% CY2010 to date and 11.68% FY2011 to date. Comparatively, the benchmark S&P 1500 was up 4.67% and 11.39% for these same periods.
- Common Pension Fund A was a net seller of \$412 million of equities in September. Many of these gains were timed to take advantage of the recent strength in the transportation sector. The Fund was a buyer of AT&T during September, taking advantage of the stock’s 6% dividend yield.

Domestic Fixed Income

- Performance for Common Pension Fund B for September was down 0.14%. Excluding the TIPS and high-yield positions, performance was down 0.38% versus -0.71% for the Barclays Long Government/Credit Index. For the calendar year-to-date, Common Pension Fund B (excluding TIPS and High Yield) returned 15.85% versus 16.69% for the Barclays Long Government/Credit Index. The duration of Common Pension Fund B (excluding TIPS and High Yield) was 11.32 years as of September 30, 2010.
- The High Yield portfolio was up 1.13% for September versus 3.01% for the Barclays High Yield Index. The High Yield portfolio was up 9.21% for the calendar year-to-date versus 11.53% for the Barclays High Yield Index. The TIPS portfolio returned 0.48% in September versus 0.60% for the Barclays TIPS Index, and was up 11.61% for the calendar year-to-date versus 7.00% for the Barclays TIPS Index.
- Within domestic fixed income, we were net sellers of \$14.99 million in domestic fixed income in September, consisting of purchases of \$437.77 million and sales of \$452.76 million.

International Equity/Fixed Income

- For the month of September, equities worldwide experienced a strong rebound versus August, on the back of better-than-expected economic data (China's PMI, US manufacturing, consumer confidence and consumer spending). Diminished concerns over the European sovereign debt situation added to the renewed appetite for risk. The rally was led by the Developed Markets in Europe and Non Japan Asia, followed by the Emerging Markets, especially in Asia. A surprising intervention effort by the Bank of Japan to curb the Yen's strength did not translate into a better performance for the Japanese market, which lagged the returns of its developed peers. Regarding currencies, on a trade-weighted basis, the USD fell to a 10-month low during September as the uncertainty of a sustained US economic recovery continued to add pressure on the Federal Reserve to engage in greater quantitative easing measures.
- Performance for Equity Positions in Common Pension Fund D for September was 9.29% versus 9.88% for the Custom International Equity Index, the benchmark for the international portfolio.
- Europe, which is slightly overweight relative to the benchmark, was the best performing region on an absolute basis, adding 456 basis points positive contribution to return for the month. Asia/Pacific ex-Japan, the most underweight region in the portfolio, produced the second largest absolute positive contribution to return at 207 basis points. Japan, which is marginally underweight to the benchmark, produced an absolute positive contribution to return of 71 basis

points, a performance that was slightly better relative to the benchmark. At the country level, France, Germany and Japan were the strongest positive contributors with 117, 82 and 71 basis points in absolute contribution respectively. Relative to the benchmark, the UK, Australia and Spain were the largest negative contributors at 68, 35, and 22 basis points respectively.

- Financials and Industrials were the largest absolute positive sector contributors to return while the Financials sector, due to its large underweight versus the benchmark, as well as the Materials and Energy sectors, negatively impacted our relative returns.

Alternatives

- The commodity portfolio was up 7.05% as compared to 7.26% for the Dow Jones UBS Total Return benchmark. For the calendar year-to-date, the commodity portfolio returned 2.42% versus 0.90% for the benchmark.
- The Hedge Fund portfolio returned 0.87% for the month of September versus its benchmark, HFRI Fund of Funds Composite Index of 2.44%. We received a partial redemption of \$4.5 million during the month of August. (Data available as of 8/31/2010).
- We funded approximately \$194.8 million of commitments to private equity and real estate investments in September 2010. Additionally, we received distributions of approximately \$50.6 million during the month. The major investment for the month was \$21.7 million into a real estate separate account.

Cash Management Fund

- Total assets in the Cash Management Fund were \$12.9 billion as of September 30, 2010. The current yield is 0.31% for state participants and 0.21% for "non-State" participants.

Additional Items

- Common Pension Fund E's investment in Centerbridge Capital Partners was originally classified as "Buyout Investments" under N.J.A.C. 17:16-90.2(a). The fund is a multi-strategy investment fund that focuses on private equity and distressed security investments during economic slowdowns and general market instability. The current mix of the fund is approximately 60% credit investments and 40% portfolio company investments. A portion of the portfolio company investments were obtained through the purchase of debt securities. Based upon the current structure of the fund, the Division believes the investment in Centerbridge Capital Partners should more appropriately be classified as "Debt-related Investments" and will report it as such prospectively.

- Common Pension Fund E's investment in TPG Financial Partners, L.P. was originally classified as "Buyout Investments" under N.J.A.C. 17:16-90.2(a). The fund was launched in early 2008 as a financial services fund seeking to make investments in control and non-control financial services assets in light of the turmoil in the financial services sector. However, at the end of 2008 the federal government's intervention in the financial services sector had lowered return expectations and decreased the opportunity set to invest. As this became evident, TPG and its investors agreed that a reduction of the fund and change in investment strategy would be favorable. The investment strategy was then changed to investing in debt, which was a small portion of the original fund, including secondary market sales of securities, claims or other assets. Based upon the current structure of the fund, the Division believes the investment in TPG Financial Partners should more appropriately be classified as "Debt-related Investments" and will report it as such prospectively.

**Actual Allocation vs FY 2010 Investment Plan Target
9/30/2010**

Actual		Allocation %	Target %	Difference	Allocation	1 Month Performance	FYTD Performance	CYTD Performance
US Equity Total		23.95%	18.00%	5.95%	16,817	9.51%	11.76%	5.25%
US Small Cap Equity		0.00%	1.00%	-1.00%				
Intl Developed Markets Equity		14.72%	15.00%	-0.28%	10,337	8.70%	13.48%	0.22%
Intl Emerging Markets Equity		5.05%	5.00%	0.05%	3,550	11.07%	19.36%	12.82%
Total Public Equity		43.72%	39.00%	4.72%	30,704			
US Fixed Income		29.01%	30.25%	-1.24%	20,373	-0.38%	5.75%	15.85%
US High Yield		2.48%	3.50%	-1.02%	1,739	1.13%	5.29%	9.21%
Intl Fixed Income		0.00%	0.00%	0.00%				
Total Public Fixed Income		31.49%	33.75%	-2.26%	22,112			
Commodities and Other Real Assets		1.65%	4.00%	-2.35%	1,156	7.05%	10.98%	2.42%
TIPS		5.56%	5.00%	0.56%	3,907	0.48%	4.51%	11.61%
Total Inflation Sensitive Assets		7.21%	9.00%	-1.79%	5,063			
Private Equity*		6.41%	5.50%	0.91%	4,502	-0.20%	0.66%	5.07%
Direct Real Estate*		2.97%	3.00%	-0.03%	2,088	1.95%	1.57%	6.88%
Absolute Return**		4.88%	6.75%	-1.87%	3,424	0.87%	2.17%	2.62%
Total Alternatives		14.26%	15.25%	-0.99%	10,014			
Cash and Cash receivables		3.33%	3.00%	0.33%	2,337	0.03%	0.08%	0.28%
Total Pension Fund		100.00%	100.00%	0.00%	70,230	4.19%	8.27%	8.25%
Total Fund Benchmark						4.13%	8.41%	8.50%

*most recently reported values from general partners (June 30, 2010) adjusted with cash flows through period end date.

**reported values as of August 31, 2010 adjusted with cash flows through period end date.

Pension Fund Performance Versus Benchmark

	1 month 9/30/2010	Quarter Ended 9/30/2010	FYTD 6/30/10 - 9/30/10	CYTD 12/31/09 - 9/30/10	Annualized Returns as of 9/30/2010				
					1-Yr	3-Yrs	5-Yrs	10-Yrs	
Common Fund A (Domestic Equity)									
<i>vs. S&P 1500 Composite</i>	9.41%	11.68%	11.68%	5.16%	12.19%	-4.28%	2.79%	-0.67%	
Equity Only-including hedges	9.21%	11.39%	11.39%	4.67%	10.92%	-6.62%	0.92%	0.22%	
Equity Only-ex hedges	9.51%	11.76%	11.76%	5.24%					
	9.51%	11.76%	11.76%	5.25%					
Common Fund B (Domestic Fixed Income)									
<i>vs. Barclays Long Govt/Credit Index</i>	-0.14%	5.52%	5.52%	14.59%	14.11%	11.59%	8.33%	7.71%	
Corporate, Treasuries, Agencies	-0.71%	5.85%	5.85%	16.69%	13.61%	10.94%	7.65%	7.45%	
TIPS	-0.38%	5.75%	5.75%	15.85%					
Barclays TIPS Index	0.48%	4.51%	4.51%	11.61%					
High Yield	0.60%	2.48%	2.48%	7.00%					
Barclays High Yield Index	1.13%	5.29%	5.29%	9.21%					
	3.01%	6.71%	6.71%	11.53%					
Common Fund D (International Equity)									
<i>vs. Custom International Equity Markets Index</i>	9.14%	14.54%	14.54%	2.22%	4.63%	-5.00%	4.58%	3.71%	
Developed Markets Equity	9.88%	16.56%	16.56%	3.44%	5.35%	-8.95%	2.41%	2.77%	
Emerging Markets Equity	8.70%	13.48%	13.48%	0.22%					
	11.07%	19.36%	19.36%	12.82%					
Common Fund E (Alternative Investments)									
Hedge Funds**	1.23%	2.23%	2.23%	3.40%	5.53%	-5.38%			
HFRI Fund of Funds Composite	0.87%	2.17%	2.17%	2.62%	6.56%	-2.07%			
Private Equity*	2.44%	3.36%	3.36%	2.12%					
Cambridge Associates	-0.20%	0.66%	0.66%	5.07%	7.96%	-3.84%			
Real Estate*	NA	NA	NA	NA	1.15%	-15.97%			
NCREIF(NPI)	1.95%	1.57%	1.57%	6.88%					
Real Assets/Commodities	NA	NA	NA	NA	11.79%	-3.34%			
DJUBS TR Index	7.05%	10.98%	10.98%	2.42%					
	7.26%	11.61%	11.61%	0.90%					
Mortgages-Backed Securities									
<i>vs. Barclays MBS</i>	0.33%	0.71%	0.71%	5.74%					
	-0.38%	0.63%	0.63%	5.21%					
Cash Mgt. Fund									
<i>vs. US Treasury Bills (3 month)</i>	0.03%	0.08%	0.08%	0.28%					
	0.01%	0.04%	0.04%	0.09%					
Total Pension Fund	4.19%	8.27%	8.27%	8.25%	11.06%	0.54%	5.13%	3.54%	
Total Fund Benchmark	4.13%	8.41%	8.41%	8.50%	10.43%	-1.58%	3.44%	3.10%	

*most recently reported values from general partners (June 30, 2010) adjusted with cash flows through period end date.

**reported values as of August 31, 2010 adjusted with cash flows through period end date.

Common Fund A (Domestic Equity) 9/30/2010

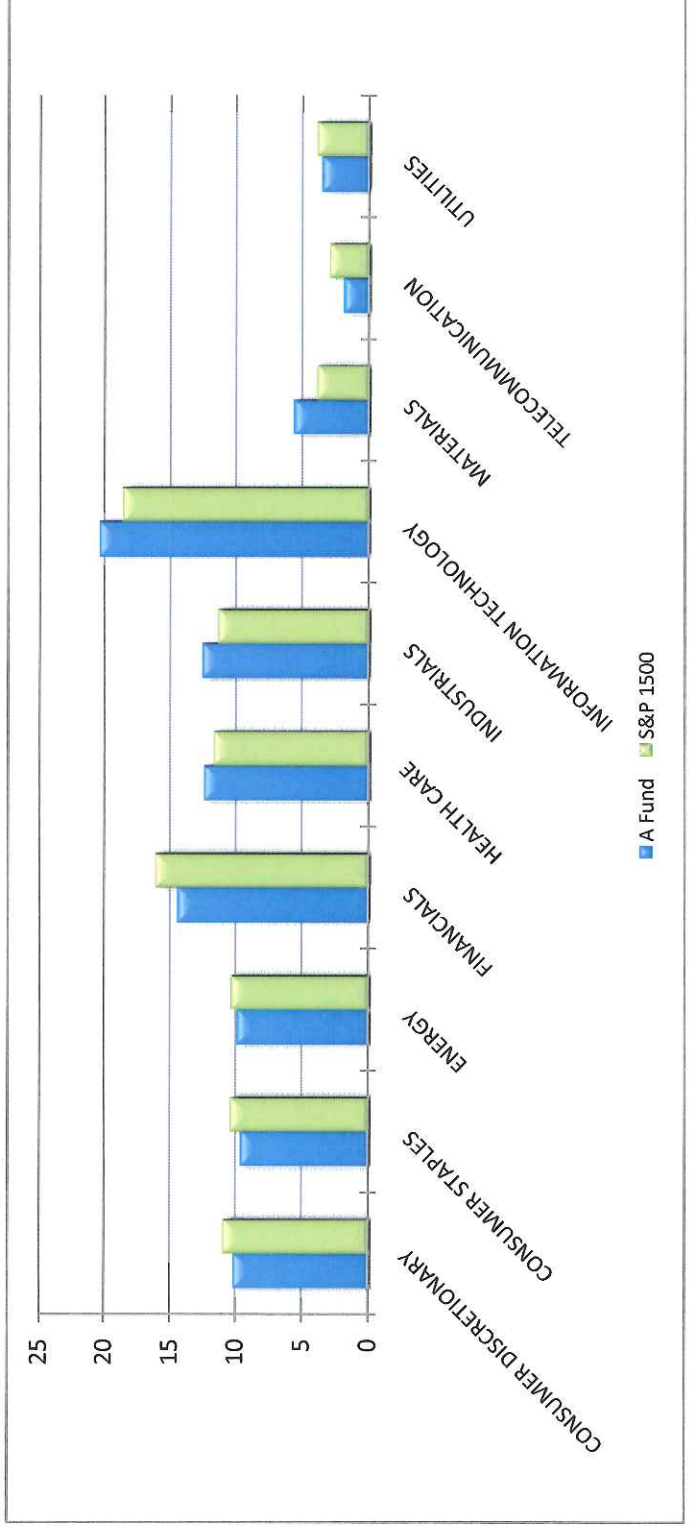
Portfolio Composition

	Value	Percentage
Equity	\$16,817	98.5%
Cash Position	\$256	1.5%
Total	\$17,073	100.0%
<i>Dollar amounts in millions</i>		

Top Holdings

Company	% of Portfolio
Apple Inc.	3.2
Exxon Mobil Corp.	2.4
Microsoft Corp.	2.2
JPMorgan Chase & Co.	2.0
Merck & Co Inc.	1.7
Procter & Gamble Co.	1.3
Google Inc. (CL A)	1.2
Pfizer Inc.	1.2
International Business Machines Corp.	1.1
Oracle Corp	1.1

Portfolio Sector Weightings



Common Fund B (Fixed Income High Grade) excluding TIPS, High Yield, and Alternative High Yield
9/30/2010

	Portfolio	Benchmark	Difference
Market Value (A)	19,133,789,211	1,720,215,670	17,413,573,540
Total Return	-0.38	-0.71	0.33
Quality Rating	AA3/A1	AA3/A1	n/a
Coupon	5.148	6.001	-0.854
Yield	4.853	5.087	-0.234
Duration	11.32	13.32	-2.00
OAS	136.8	112.8	23.9
Convexity	1.86	2.62	-0.76
Maturity	18.89	23.32	-4.43

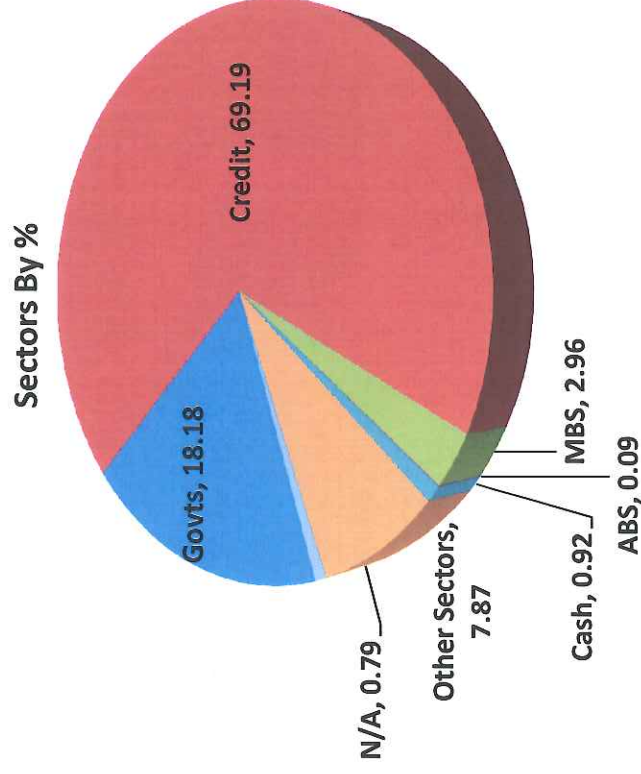
	Issuer Name	Market Value [%]
US/T	UNITED STATES TREASURY NOTE/BO	9.51
US/S	UNITED STATES TREASURY STRIP C	4.44
FHLMC	FEDERAL HOME LOAN MORTGAGE	2.78
T	AT&T	2.30
VZ	VERIZON	2.21
COP	CONOCOPHILLIPS	1.69
TVA	TENNESEE V.A. - PRIN STRIP	1.60
BRK	BERKSHIRE HATHAWAY	1.38
GE	GENERAL ELECTRIC	1.19
QHEL	HYDRO QUEBEC	1.16

Maturities	Portfolio	Benchmark
0-5yr	5.35	
5-10yr	17.46	
10-15yr	12.37	15.80
15-20yr	17.16	16.38
20-25yr	12.55	14.19
25-30yr	28.57	51.01
>30yr	5.37	2.62

Ratings	Portfolio	Benchmark
Total	100.00	100.00
Aaa	26.59	46.51
Aa	16.66	8.92
A	31.22	22.08
Baa	21.84	22.48
> Ba	3.38	
N/A	0.30	

Benchmark: Barclays US Long Gov/Credit

(A) Total differs from asset allocation schedule due to database source



Common Fund D (International Equity)

9/30/2010

Portfolio Composition

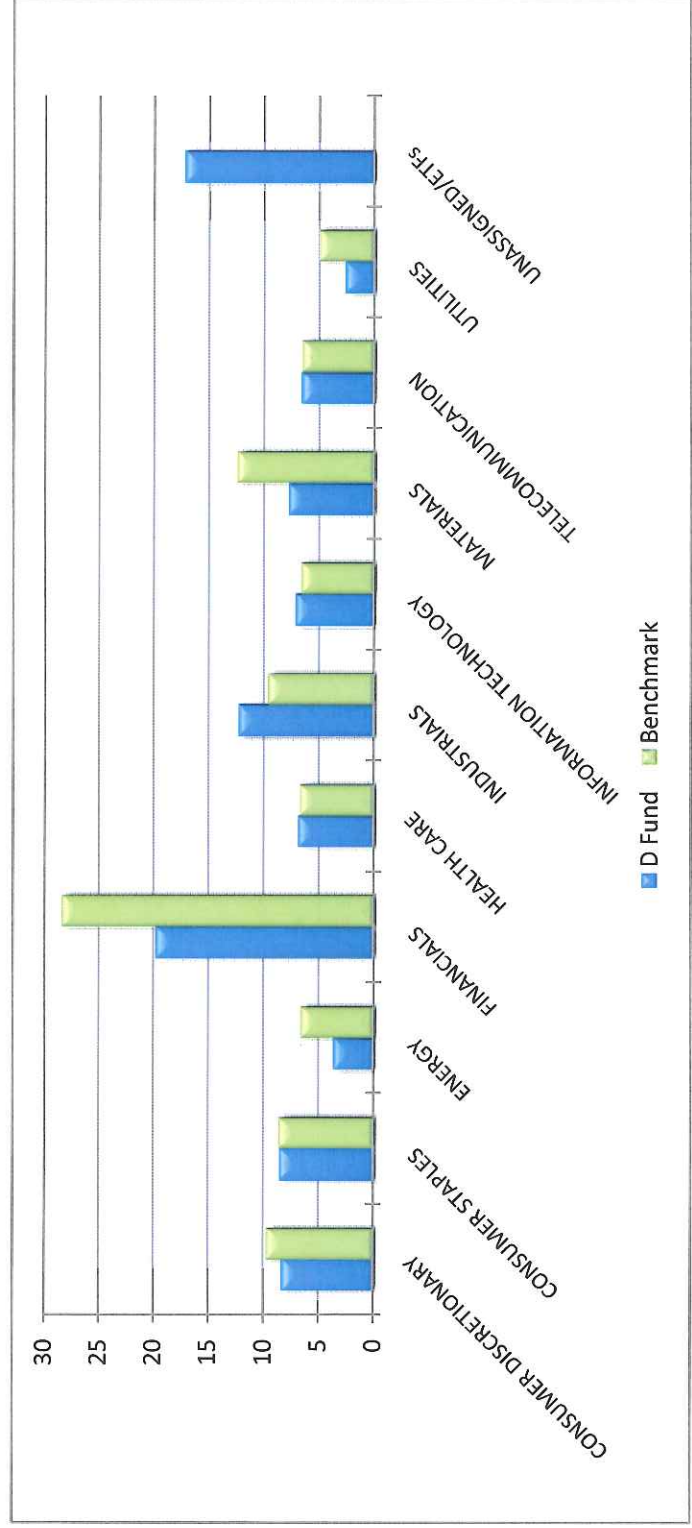
	Value	Percentage
Equity	\$13,887	98.0%
Cash Position	\$290	2.0%
Total	\$14,177	100.0%

Dollar amounts in millions

Top Holdings

Company	% of Portfolio
VANGUARD EMERGING MARKET ETF	6.08%
MSCI EMERGING MARKETS INDEX FUND	5.99%
ISHARES S+P/TSX 60 INDEX FUN	2.88%
VODAFONE GR PLC US	2.57%
HSBC HLDGS	2.37%
SAP AG	1.79%
ROCHE HLDG AG	1.58%
ALLIANZ SE (REG)	1.44%
BAYER AG ORD NPV	1.26%
GIVAUDAN (REG)	1.11%

Portfolio Sector Weightings



Common Fund D (International Equity)
9/30/2010

Exposure By Country

	Custom			Net Foreign			Custom			Net Foreign		
	Equity (A)	% Equity	Index	Hedge	Currency	Exposure	Equity (A)	% Equity	Index	Hedge	Currency	Exposure
Developed Markets:												
Australia	667.2	4.8%	6.5%			667.2	1672.2	12.1%				1672.2
Austria	61.5	0.4%	0.2%			61.5						
Belgium			0.7%			0.0						
Canada	1100.6	8.0%	8.4%			1100.6	7.5	0.1%		0.1%		7.5
Denmark	127.2	0.9%	0.8%			127.2	41.6	0.3%		0.1%		41.6
Finland	108.3	0.8%	0.5%			108.3	14.8	0.1%		0.1%		14.8
France	1129.1	8.2%	6.1%			1129.1	3.5	0.0%				21.5
Germany	960.4	6.9%	5.4%			960.4	2.7	0.0%				3.5
Greece	24.9	0.2%	0.2%			24.9				0.0%		2.7
Hong Kong	504.3	3.6%	2.4%			504.3	26.6	0.2%		0.4%		0.0
Ireland			0.2%			0.0	74.6	0.5%		1.2%		26.6
Israel	21.5	0.2%	0.6%			21.5	162.7	1.2%		1.6%		74.6
Italy	121.7	0.9%	1.7%			121.7	74.4	0.5%		0.5%		162.7
Japan	2007.3	14.5%	15.2%	1169.8		837.5	0.8	0.0%				74.4
Netherlands	201.8	1.5%	2.0%			201.8	319.8	2.3%		3.5%		319.8
New Zealand			0.1%			0.0	6.3	0.0%		0.5%		6.3
Norway	110.3	0.8%	0.5%			110.3	4.5	0.0%		0.2%		4.5
Portugal	151.0	1.1%	0.2%			151.0	103.1	0.7%		1.1%		103.1
Singapore	252.8	1.8%	1.3%			252.8	2.4	0.0%				2.4
Spain	169.6	1.2%	2.7%			169.6	12.4	0.1%		0.2%		12.4
Sweden	406.3	2.9%	2.0%			406.3						
Switzerland	875.9	6.3%	3.9%			875.9	134.3	1.0%		4.1%		134.3
United Kingdom	1503.4	10.9%	14.8%			1503.4	108.3	0.8%		2.0%		108.3
Euro Currency												
				279.7		-279.7	80.6	0.6%		0.6%		80.6
										0.0%		0.0
							212.5	1.5%		3.4%		212.5
							36.7	0.3%		0.7%		36.7
							7.1	0.1%				7.1
							25.7	0.2%		0.1%		25.7
							140.9	1.0%		2.8%		140.9
							50.1	0.4%		0.4%		50.1
Subtotal	10505.1	76.0%	76.4%	1449.5		9055.6	3326.1	24.0%		23.6%	0.0	3346.8
United States (cash)	370.4											
Total	10875.5	76.0%	76.4%	1449.5		9055.6	3326.1	24.0%		23.6%	0.0	3346.8

(US Dollar Amounts in Millions)

(A) Total differs from asset allocation schedule due to database source

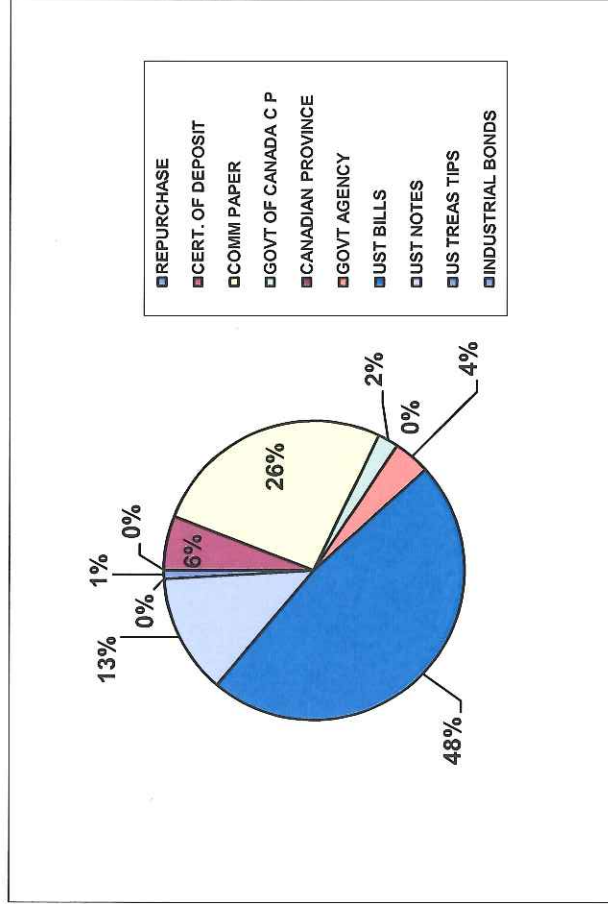
Cash Management Fund 9/30/2010

PARTICIPATION

	VALUE	PERCENTAGE
STATE	\$8,865	68.55%
NON-STATE	\$4,068	31.45%
TOTAL	\$12,933	100.00%
Dollar amounts in millions		

PORTFOLIO INTEREST RATES

	STATE	NON-STATE	AVG.DAYS
9/30/2010	0.30%	0.20%	78



	Percentage	September 30, 2010
REPURCHASE	0.00%	\$0
CERT. OF DEPOSIT	5.86%	\$757,500,000
COMM PAPER	26.23%	\$3,391,612,000
GOVT OF CANADA C P	2.20%	\$285,000,000
CANADIAN PROVINCE	0.00%	\$0
GOVT AGENCY	3.92%	\$507,000,000
UST BILLS	47.88%	\$6,190,874,000
UST NOTES	12.99%	\$1,680,000,000
US TREAS TIPS	0.00%	\$0
INDUSTRIAL BONDS	0.91%	\$118,002,000
TOTALS	100.00%	\$12,929,988,000

Total US Treas/Agency 64.79%

COMMON PENSION FUND B, HIGH YIELD AND OTHER FUNDS
Total Purchases for Fixed Income Required to be Reported by State Investment Council Regulations
9/1/10 through 9/30/10

PURCHASES:

Cusip	Company Name	Par Value	\$ Amount Purchased
COMMON PENSION FUND B:			
912833RY	US TREASURY STRIPS	150,000,000.00	78,137,179.00
031162BD	AMGEN INC SENIOR NOTES	40,000,000.00	39,851,600.00
79575DE6	SALT RIVER POWER PROJECT BABS	35,000,000.00	35,000,000.00
91428LFT	UNIVERSITY HAWAII REVENUE BDS	25,000,000.00	25,000,000.00
6832348Z	ONTARIO PROVINCE OF BONDS	25,000,000.00	24,990,500.00
666807AW	NORTHROP GRUMMAN CORP	18,000,000.00	24,883,920.00
263534CB	EI DUPONT DENEMOUR SR NOTES	20,000,000.00	19,971,800.00
010392FC	ALABAMA POWER COMPANY SR NOTES	20,000,000.00	19,968,000.00
99MSCZAM	OCH-ZIFF CAPITAL	18,328,435.00	18,328,435.00
893526DK	TRANS CANADA PIPELINES SR NTS	17,500,000.00	17,455,025.00
196632LE	COLORADO SPRINGS CO UTILS BABS	17,000,000.00	17,000,000.00
02666QG7	AMERICAN HONDA FINANCE	15,000,000.00	14,960,550.00
29250RAT	ENBRIDGE ENERGY PARTNERS NOTES	15,000,000.00	14,943,150.00
742327DC	PRINCETON OH CITY SCH DIST BABS	13,000,000.00	13,000,000.00
589331AD	MERCK & CO. INC. DEBS	10,000,000.00	12,053,800.00
651333DP	NEWFOUNDLAND PROV CDA DEBS	7,000,000.00	10,456,740.00
831641ET	US SMALL BUSINESS ADMIN DEB SERV	10,000,000.00	10,000,000.00
63968AQR	NEBRASKA PUBLIC PWR & CO BABS	10,000,000.00	10,000,000.00
454898QY	INDIANA MUNI PWR BABS	10,000,000.00	10,000,000.00
12189LAC	BURLINGTON NORTHERN SANTE FE LLC	10,000,000.00	9,963,100.00
642866DP	PROVINCE OF NEW BRUNSWICK	5,000,000.00	7,449,600.00
669827DP	NOVA SCOTIA PROV CDA DEBS	5,000,000.00	7,251,700.00
874461GK	TALLAHASSEE FLA CONS UTIL BABS	5,000,000.00	5,000,000.00
867686NP	SUNRISE FLA UTIL SYS REV BDS	5,000,000.00	5,000,000.00
500769BR	KFW NOTES	10,000,000.00	3,237,500.00
686430EX	ORLANDO FL CMNTY REDEV AGY BAB	2,000,000.00	2,198,440.00

HIGH YIELD:

693492AC	PINAFORE LLC/INC	2,630,000.00	2,644,000.00
29273VAC	ENERGY TRANSFER EQUITY	2,425,000.00	2,425,000.00
039686AB	ARDAGH PACKAGIN FINANCE	1,675,000.00	1,680,000.00
536022AE	LINN ENERGY LLC/FIN CORP	1,580,000.00	1,557,994.20
92532JAA	VERTELLUS SPECIALTIES	1,400,000.00	1,418,241.25
30040PAA	EVERTEC INC	1,250,000.00	1,250,000.00
44701QAW	HUNTSMAN INTERNATIONAL L	1,125,000.00	1,125,955.00
00339KAA	ABI ESCROW CORP	1,050,000.00	1,050,000.00
628782AG	NBTY INC	1,040,000.00	1,048,593.75
38869PAH	GRAPHIC PACKAGING INTL	900,000.00	907,206.25
028865AA	AMERICAN PETROLEUM TAN	850,000.00	868,168.75
83066RAC	SKILLED HEALTHCARE GROUP	885,000.00	867,287.50
91911XAM	VALEANT PHARMACEUTICALS	850,000.00	849,210.00
30250BAC	FMG FINANCE PTY LTD	700,000.00	848,800.00

COMMON PENSION FUND B, HIGH YIELD AND OTHER FUNDS
Total Purchases for Fixed Income Required to be Reported by State Investment Council Regulations
9/1/10 through 9/30/10

PURCHASES:

Cusip	Company Name	Par Value	\$ Amount Purchased
026874BS	AMERICAN INTL GROUP	825,000.00	783,437.50
73179PAH	POLYONE CORP	780,000.00	780,000.00
92834UAA	VISANT CORP	750,000.00	753,500.00
45824TAA	INTELSAT JACKSON HLDG	745,000.00	745,000.00
93443TAA	WARNER CHILCOTT CO LLC	725,000.00	739,500.00
591709AK	METROPCS WIRELESS INC	710,000.00	708,450.45
01449JAC	ALERE INC	700,000.00	700,000.00
37932JAC	GLOBAL CROSSING LTD	600,000.00	675,075.00
055381AR	BE AEROSPACE INC	670,000.00	666,467.40
45661TAJ	INERGY LP/INERGY FIN	625,000.00	625,000.00
37244DAA	GENON ESCROW CORP	625,000.00	616,207.75
812350AC	SEARS HOLDING CORP	610,000.00	610,000.00
37244DAD	GENON ESCROW CORP	600,000.00	585,755.00
269279AD	EXCO RESOURCES INC	575,000.00	566,547.50
902730AA	UHS ESCROW CORP	530,000.00	534,493.75
212015AE	CONTINENTAL RESOURCES	500,000.00	504,437.50
018804AP	ALLIANT TECHSYSTEMS INC	500,000.00	500,000.00
76972KAA	ROADHOUSE FINANCING INC	500,000.00	500,000.00
039686AA	ARDAGH PACKAGING FINANCE	500,000.00	500,000.00
392485AA	GREEKTOWN SUPERHOLDINGS	400,000.00	438,000.00
38470RAJ	GRAHAM PACK CO LP/GPC	415,000.00	419,687.50
364725AU	GANNETT CO INC	425,000.00	418,739.75
109178AD	BRIGHAM EXPLORATION CO	400,000.00	400,000.00
88830MAE	TITAN INTERNATIONAL INC	380,000.00	386,175.00
15089QAA	CELANESE US HOLDINGS LLC	385,000.00	385,000.00
531359AA	LIBERTY TIRE RECYCLING	385,000.00	380,876.65
281023AN	EDISON MISSION	400,000.00	371,050.00
15941RAL	CHAPARRAL ENERGY INC	375,000.00	366,270.00
767754BQ	RITE AID	425,000.00	355,937.50
392485AB	GREEKTOWN SUPERHOLDINGS	325,000.00	351,812.50
874227AB	TALECRIS BIOTHERAPEUTICS	300,000.00	327,037.50
84762LAF	SPECTRUM BRANDS HLDGS	300,000.00	321,037.50
12545DAA	CHC HELICOPTER SA	305,000.00	300,116.95
80874PAH	SCIENTIFIC GAMES INTERNA	300,000.00	300,000.00
25272PAA	DIAMOND RESORTS CORP	300,000.00	297,750.00
319963AT	FIRST DATA CORP	344,200.00	284,387.50
86183PAE	STONERIDGE INC	275,000.00	277,531.25
74347AAA	PROQUEST LLC/PROQUEST	275,000.00	275,000.00
69138WAA	OXEA FINANCE/CY SCA	250,000.00	267,843.75
762397AS	RHODIA SA	265,000.00	265,000.00
41754WAM	HARVEST OPERATIONS CORP	250,000.00	250,683.25
91911XAL	VALEANT PHARMACEUTICALS	250,000.00	248,750.00
95058TAB	WENDY'S ARBY'S REST LLC	225,000.00	238,246.88
026874BE	AMERICAN INTL GROUP	275,000.00	236,765.63
74837NAC	QUIKSILVER INC	250,000.00	236,250.00

COMMON PENSION FUND B, HIGH YIELD AND OTHER FUNDS
Total Purchases for Fixed Income Required to be Reported by State Investment Council Regulations
9/1/10 through 9/30/10

PURCHASES:

Cusip	Company Name	Par Value	\$ Amount Purchased
302941AH	FTI CONSULTING INC	225,000.00	225,000.00
552953AL	MGM MIRAGE INC	225,000.00	210,218.75
1248EPAR	CCO HLDGS LLC/CAP CORP	205,000.00	205,000.00
966387AF	WHITING PETROLEUM CORP	200,000.00	200,000.00
952355AG	WEST CORP	200,000.00	200,000.00
413627BM	HARRAHS OPERATING CO INC	250,000.00	198,750.00
829259AD	SINCLAIR TELEVISION GROUP	200,000.00	197,134.00
18451QAC	CLEAR CHANNEL WORLDWIDE	175,000.00	186,156.25
87263GAA	TPC GROUP LLC	175,000.00	173,862.50
681936AW	OMEGA HLTHCARE INVESTORS	175,000.00	173,222.00
466112AC	JBS USA LLC/JBS USA FINA	125,000.00	145,156.25
44044KAB	HORIZON LINES CV	150,000.00	135,937.50
767754BT	RITE AID CORP	150,000.00	126,375.00
880779AU	TEREX CORP	125,000.00	124,687.50
008911AK	AIR CANADA	125,000.00	124,375.00
008674AB	AHERN RENTALS INC	275,000.00	117,906.25
43162RAA	HILLMAN GROUP INC	105,000.00	111,825.00
15080BAA	CEDC FIN CORP INTL INC	100,000.00	104,750.00
852060AT	SPRINT CAPITAL CORP	100,000.00	103,500.00
000305AC	AAC GROUP HOLDING CORP	100,000.00	98,000.00
92531XAF	VERSO PAPER HOLDINGS	100,000.00	87,750.00
008294AA	AFFINION GROUP HOLDINGS	75,000.00	75,000.00
428040CC	HERTZ CORP	50,000.00	50,000.00
56808RAC	MARINA DISTRIC FINANCE	25,000.00	23,875.00

OTHER FUNDS:

CASH MANAGEMENT FUND:

92344SAT	CELLCO PARTNERS VERIZON WIR NOTE	11,800,000.00	12,063,494.00
717081CZ	PFIZER INC NOTES	10,000,000.00	10,560,400.00

State Investment Council
Regulation Violations
September 30, 2010

Newly Reported Violations

Date of Violation	Regulation Violated	Description of Violation	Date Corrected
8/23/2010	17:16-40.2(a)	Purchased Cedar Shopping Center non-convertible preferred stock in Common Pension Fund A; non-convertible preferred stocks of U.S. corporations can only be purchased in Common Fund B.	Transferred to CPF B 10/4/2010
8/11/2010	17:16-17.4(a)1	State and municipal obligations cannot exceed 10% of any one issue. Common Pension Fund B purchased 22.9% of a City of Tacoma issue.	10/5/2010

Status of Outstanding Violations Previously Reported

Date of Violation	Regulation Violated	Description of Violation	Date Corrected
5/18/2010	17:16-20.4(a)1	Investment in International Government and Agency Obligations of any one issuer cannot exceed 1% of the market value of any fund. Purchases of Government of Canada commercial paper in the Cash Management Fund totalling \$375 million exceed the limit of \$158 million.	Commercial Paper will mature in October 2010.